

## Message Text

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70

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 H-02 L-03 DODE-00 PA-02

PRS-01 /074 W

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R 162053Z JUL 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 3999

UNCLAS SANTIAGO 4961

E.O.11652:N/A

TAGS: BEXP, CI

SUBJ: FREE TRADE ZONES: INVESTMENT INCENTIVES - UPDATING

STATE 114355, 90063, 61115: SANTIAGO A-109 OF 7/2/75

1. GOC AUTHORIZED BY DECREE NO.1055 PUBLISHED JUNE 25, 1975  
IN "DIARIO OFICIAL" FREE TRADE AND INDUSTRIAL ZONES IN IQUIQUE  
AND PUNTA ARENAS, AS WELL AS 10 CUSTOMS-FREE STORAGE AREAS  
LOCATED THROUGHOUT CHILE.
2. PRODUCTS ENTERING FREE ZONES AND STORAGE AREAS WILL BE CHARGED  
3 PERCENT TAX AD VALOREM (CIF) ACROSS THE BOARD. FIRMS ESTABLISHED  
WITHIN FREE TRADE AND INDUSTRIAL ZONE BOUNDS WILL BE TAX-EXEMPT.
3. ALL PRODUCTS, EVEN THOSE NOT APPEARING ON OFFICIAL LIST OF  
GOODS PERMITTED TO BE IMPORTED INTO CHILE ARE ALLOWED TO ENTER  
FREE ZONES AND STORAGE AREAS EXCEPT ARMAMENTS AMMUNITION, AND  
PRODUCTS CONSIDERED BY GOC AS "DANGEROUS TO PUBLIC HEALTH  
OR MORALS."
4. THE DECREE, EFFECTIVE IMMEDIATELY WITH RESPECT TO  
IQUIQUE AND PUNTA ARENAS, UPDATES AND CLARIFIES THE STATUS OF  
THESE TWO CITIES' EXISTING FREE TRADE ZONES. THE EMPHASIS IS  
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ON ATTRACTING INDUSTRY TO THE TWO CITIES, BASED ON PREFERRED

DUTY TREATMENT.

5. THE 10 CUSTOMS-FREE STORAGE AREAS WILL NOT OPERATE BEFORE DECEMBER 31, 1978. THE DECREE IS IN ANTICIPATION OF YET-TO-BE-ESTABLISHED EXPORT INDUSTRIES, ESPECIALLY THOSE SERVING ANDEAN PACT COUNTRIES, ACCORDING TO CUSTOMS OFFICIALS.

6. COMMENT: DECREE LAW 1055 CONFLICTS WITH DECREE LAW 889 (SANTIAGO A-109) WHICH PROVIDED FOR THE GRADUAL ELIMINATION OF ALL FREE TRADE ZONES. DECREE LAW 1055 CONCENTRATES FREE TRADE ZONES IN CHILE'S NORTHERN AND SOUTHERN EXTREMITIES TO PROVIDE ECONOMIC STIMULUS TO INDUSTRY IN THOSE AREAS. THERE STILL EXISTS A CONFLICT BETWEEN FREE ENTRY OF CONSUMER AND INDUSTRIAL GOODS IN THE TWO REGIONS. CUSTOMS OFFICIALS INFORM US THAT THERE WILL BE FURTHER DECREES WHICH WILL RESOLVE THESE CONFLICTS. THOMPSON

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
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**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**TAGS:** BEXP, CI  
**To:** STATE  
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